UNEMPLOYMENT

ON

PRINCE EDWARD ISLAND

PREPARED BY:

RESEARCH & PLANNING,
PRINCE EDWARD ISLAND
DEPARTMENT OF LABOUR

MAY, 1983

TABLE OF CONTENTS

ITEM	PAGE
INTRODUCTION	1
TYPES OF UNEMPLOYMENT	2
FRICTIONAL UNEMPLOYMENT	2
STRUCTURAL UNEMPLOYMENT	2
DEMAND DEFICIENT UNEMPLOYMENT	3
SEASONAL UNEMPLOYMENT	4
INSURANCE INDUCED	4
LABOUR FORCE DEFINITIONS	7
LABOUR FORCE	7
UNEMPLOYMENT	7
HISTORICAL ANALYSIS OF UNEMPLOYMENT	8
MEASURE OF UNEMPLOYMENT	12
CHARACTERISTICS OF THE UNEMPLOYED	13
SEX	13
AGE	15
OCCUPATION	15
PAYMENT INFORMATION	18
WEEKLY BENEFIT RATE	18
INSURED WEEKS	18
AVERAGE WEEKLY EARNINGS	19
WEEKS ON CLAIM	20
BENEFITS PAID ON THE CLAIMS TO-DATE	20
CHARACTERISTICS OF THE UNEMPLOYMENT	21
SEASONAL VARIATIONS	21
WORK PATTERNS	23
IMPACT OF THE ECONOMIC RECESSION ON UNEMPLOYMENT INSURANCE IN 1982	28
FORECASTS OF UNEMPLOYMENT	32
CONFERENCE BOARD OF CANADA	32
FEDERAL DEPARTMENT OF FINANCE	33
SUMMARY AND CONCLUSIONS	34
BIBLIOGRAPHY	36

LIST OF TABLES AND FIGURES

TABLE		PAGE
1	TYPES OF UNEMPLOYMENT.....	6
2	PEI LABOUR FORCE, EMPLOYMENT AND UNEMPLOYMENT.....	9
3	UNEMPLOYMENT INSURANCE CLAIMANTS ON PEI BY MONTH.....	14
4	AGE OF THOSE DRAWING UNEMPLOYMENT INSURANCE	15
5	PEI UNEMPLOYMENT INSURANCE CLAIMANTS BY OCCUPATION 1982.....	16-17
6	INSURED WEEKS BY SEX - MARCH, 1983..	19
7	AVERAGE NUMBER OF WEEKS UNEMPLOYED BY AGE AND SEX: 1978-1979 CANADA AND PEI.....	24
8	INCOME TAX DATA BY COMMUNITY 1978-1979.....	26-27
9	ACTUAL UNEMPLOYMENT BY PROVINCE: 1981-1982 BY MONTH.....	29
10	AVERAGE ANNUAL EMPLOYMENT BY INDUSTRY FOR CANADA 1981, 1982.....	30
11	CONFERENCE BOARD UNEMPLOYMENT RATE PROJECTIONS: CANADA AND PRINCE EDWARD ISLAND.....	32
12	FEDERAL DEPARTMENT OF FINANCE UNEMPLOYMENT RATE PROJECTIONS.....	32

FIGURE

1.	UNEMPLOYMENT RATES	22

INTRODUCTION

Unemployment has become an important economic problem which should be analyzed and explained.

The following report will examine the nature of unemployment on Prince Edward Island. Labour force concepts as well as the various types of unemployment will be defined. In any comprehensive analysis, it is essential to examine the historical data in order to determine if there have been any changes in the structure of unemployment.

Unemployment has been measured in two different ways in Canada: Statistics Canada's Labour Force Survey and Canada Employment and Immigration Commissions unemployment insurance administrative data. The differences between these methods will be analyzed.

It is also important to identify the characteristics of the unemployed - (such as location, age and sex), as well as the characteristics of unemployment (duration, seasonality and severity).

The impact of the economic recession on unemployment will be highlighted. Projections as to the future unemployment levels will also be briefly discussed. The report will conclude with the summary and conclusions.

TYPES OF UNEMPLOYMENT

Economists have identified several different types of unemployment, each with their own unique characteristics. Each of the types will be defined followed by a brief discussion.

Gunderson (1980) identified five distinct types of unemployment - frictional, structural, demand deficient, seasonal and unemployment insurance induced.

FRICTIONAL UNEMPLOYMENT

Gunderson suggested frictional unemployment was "unemployment that would prevail even in a well functioning labour market." (Gunderson 1980:288). Basically this type of unemployment occurs when there are jobs available as well as workers to fill the jobs but the two have not been correctly matched. Thus, individuals could be involved in job search activity even though there are unfilled vacancies. Frictional unemployment then consists of the number of vacancies that could be filled by the unemployed.

In summary, this type of unemployment occurs in a well-functioning labour market such that there are jobs for qualified workers, however, the workers and the jobs have to be brought together. One of the characteristics of frictional unemployment is that labour supply (the number of people working or looking for work) equals labour demand (the number working plus the vacancies). On Prince Edward Island, this is not the case as the supply of labour exceeds the demand for labour.

STRUCTURAL UNEMPLOYMENT

This type of unemployment Gunderson (1980) said "results when the skills or location of the unemployed are not matched with the characteristics of the job vacancies." (Gunderson: 1980:289). This

type of unemployment involves mismatching where the jobs and the workers are not matched in terms of qualifications and characteristics. On a national basis one might be able to say there is structural unemployment as prior to the recession for example, Alberta had a shortage of secretaries whereas Prince Edward Island had a surplus.

To remedy structural unemployment, governments have usually retrained workers so they might fill the jobs in their regions or encouraged individuals to relocate to the labour market where their skills are in demand.

Considering Prince Edward Island as a unique labour market, one could not argue that structural unemployment is a problem. Structural unemployment assumes there is an adequate number of jobs, however, it is the jobs and the workers that are mismatched which is not the case on Prince Edward Island.

DEMAND DEFICIENT UNEMPLOYMENT

Gunderson (1980) suggested that demand deficient unemployment exists if there is insufficient aggregate demand in the economy to provide jobs for workers. Thus, the number of job seekers exceeds the demand for workers, in other words, labour supply exceeds labour demand. Usually this type of unemployment is associated with what Gunderson termed as "adverse business cycle conditions." Other theorists have termed demand deficient unemployment as cyclical, reflecting one of the characteristics of economic conditions in a capitalist economy.

Gunderson has suggested that demand deficient unemployment occurs on a cyclical basis, however, on Prince Edward Island one could argue that adverse

business cycle conditions have occurred on a regular basis. The number of workers seeking employment has in the past several decades exceeded the employment opportunities.

Usually the cure for demand deficient unemployment is macroeconomic policy changes designed to encourage consumption, investment and exports. Thus governments manipulate monetary, fiscal and exchange rate policies in an effort to improve aggregate demand.

SEASONAL UNEMPLOYMENT

Seasonal unemployment differs from demand deficient unemployment in that there is a shortage of demand but only in a particular season. One of the distinguishing features of the Prince Edward Island economy is seasonal unemployment.

Efforts to reduce seasonal unemployment have typically been aimed at adapting conditions so as to employ more persons during the off-season. Certain industries are obviously seasonal employers such as tourism, construction and the primary industries, hence employment could be increased by improving, for example, the winter tourist trade.

Obviously, extending employment to the off-season in seasonal industries is expensive. As a result, most Prince Edward Island employers have not opted to extend employment to the off-season. Most workers have been able to supplement their income with unemployment insurance benefits which led Gunderson to identify another type of unemployment.

INSURANCE INDUCED

Some economists have suggested that the ready availability of unemployment insurance has increased the unemployment rate. Gunderson concluded "Empirical

evidence in Canada indicates that some of our unemployment can be attributed to the availability of unemployment insurance and that some of the recent increase in our unemployment rate can be attributed to the 1971 liberalization of the Unemployment Insurance Act." (Gunderson: 1980:292). One author suggested that approximately 1.6 percent of the unemployment rate in the Atlantic Region was induced by the availability of unemployment insurance.

It is extremely difficult to identify if there are Islanders who work solely because of the availability of unemployment insurance.

Table 1 summarizes the types of unemployment in terms of characteristics, causes and cures.

TABLE 1 - TYPES OF UNEMPLOYMENT

TYPE	CHARACTERISTICS	CAUSES	CURE
1. FRICTIONAL	- prevails in a well-functioning labour market - associated with job search activity within a given labour market - may coexist with unfulfilled vacancies - result of the matching process	- workers between jobs - workers looking for "best job"	- no need for a cure as the natural operation of the labour market will correct the problem
2. STRUCTURAL	- workers and vacancies are considered to be in different labour markets as they are not matched with respect to qualifications and characteristics - workers and jobs are mismatched	- skills or location of the unemployed are not matched with the job vacancies	- retraining for a job - relocation to another labour market
3. DEMAND DEFICIENT	- exists when there is insufficient aggregate demand in the economy to provide jobs. - insufficient aggregate demand to generate sufficient job vacancies	- insufficient aggregate demand	- macroeconomic policy change such as monetary, fiscal and exchange rate (e.g. increase consumption, investment and exports, government spending, decrease imports and taxes)
4. SEASONAL	- predictable over the year and specific to particular industries - seasonal unemployment is usually heavy in the winter months	- shortage of demand in a particular season	- adaption of seasonal jobs to year round
5. INSURANCE INDUCED	- the availability of unemployment insurance encourages persons to work who might not otherwise	- unemployment insurance	- presumably make the program more stringent

SOURCE: Based On Morley Gunderson's Labour Market Economics Theory, EVIDENCE AND POLICY IN CANADA Toronto: McGraw - Hill Ryerson Limited, 1980.

Clearly then there are various types of unemployment, each with different causes and cures. Throughout the course of the analysis, an effort will be made to identify the existence of the types of unemployment. Prior to analyzing the nature of unemployment on Prince Edward Island, it is essential to consider some other labour market definitions in order to ensure consistency in interpretation.

LABOUR FORCE DEFINITIONS

The following discussions will briefly define some of the key labour market concepts which will further clarify the characteristics of unemployment.

LABOUR FORCE

Statistics Canada's Labour Force Survey defined the labour force as "that portion of the civilian non-institutional population 15 years of age and over who, during the reference week, were employed or unemployed."

Statistics Canada further defines employed and unemployed as follows.

Those who are employed are persons who during the reference week -

a) did any work at all
b) had a job but were not at work due to
   - own illness or disability
   - personal or family responsibilities
   - bad weather
   - labour dispute
   - vacation

UNEMPLOYED

The unemployed includes those persons who during the reference week -

a) were without work, had actively looked for work in the past four weeks and were available

for work

b) had not actively looked for work in the past four weeks but had been on layoff for twenty six weeks or less and were available for work.

c) had not actively looked for work in the past four weeks but had a new job to start in four weeks or less from the reference week and were available for work.

Thus the labour force is comprised of both the employed and the unemployed. According to the Labour Force Survey to be unemployed one must be engaged in job search and available to work. The differences between the Labour Force Survey's definition of unemployment and the Canada Employment and Immigration Commission's unemployment insurance claimants will be explored later, but first it is important to provide an historical analysis of unemployment.

HISTORICAL ANALYSIS OF UNEMPLOYMENT

Unemployment levels of course are closely related to employment opportunities, thus it is important to assess the historical levels of employment and unemployment. Labour Force Survey data will be used to provide the historical labour force levels. Table 2 provides the data.

TABLE 2 - PEI LABOUR FORCE, EMPLOYMENT AND UNEMPLOYMENT

YEAR	WORKING AGE POPULATION	LABOUR FORCE	EMPLOYED	UNEMPLOYED	UNEMPLOYMENT RATE	CAN. UNEMP. RATE	PARTICIPATION RATE
1966	68	37	35	... (2)	... (5.4)	3.4	54.3
1967	69	37	35	... (2)	... (5.4)	3.8	53.6
1968	70	37	34	... (3)	... (8.1)	4.5	52.5
1969	72	39	36	... (3)	... (7.6)	4.4	54.4
1970	72	37	35	... (2)	... (5.4)	5.7	51.5
1971	74	40	37	... (3)	... (7.5)	6.2	54.3
1972	75	41	36	4	10.8	6.2	54.1
1973	77	42	39	... (3)	... (7.1)	5.5	54.6
1974	79	44	41	... (3)	... (6.8)	5.3	55.4
1975	81	46	42	4	8.0	6.9	56.5
1976	83	47	42	4	9.6	7.1	56.7
1977	85	48	44	5	9.9	8.1	57.0
1978	87	50	45	5	9.9	8.4	57.8
1979	89	53	47	6	11.3	7.5	59.3
1980	90	54	48	6	10.8	7.5	59.5
1981	91	54	48	6	11.4	7.6	59.1
1982	92	54	47	7	13.1	11.0	58.3

... Data not available

( ) Calculated by Department of Labour as Statistics Canada will not release estimates below 4,000.

SOURCE: Statistics Canada 71-201 Annual Historical Labour Force Statistics
Actual Data, seasonal factors seasonally adjusted levels

Since 1966, the labour force on Prince Edward Island has grown by 17,000 or 46%. Thus, 17,000 more people were either working or looking for work. The size of the working age population (those of 15 years of age and over) has also increased dramatically (35%) since 1966 probably as a result of the aging of the baby boom babies and the previous fertility rates. This same pattern was also apparent in Canadian data as the labour

force has grown by 56% and the working age population by 42% since 1966.

Employment on Prince Edward Island has grown by 32% since 1966 or 2% per year, compared to a 46% employment growth in Canada. Since 1979, employment on Prince Edward Island has leveled off at 47,000, unlike the early 1970's when employment steadily increased.

Provincial participation rates (the percentage of the working age population who are working or looking for work) have also increased since 1966, however, since 1981 there has been a slight decline in the rates. Participation rates in Canada have increased by 6.7 percentage points since 1966 compared to four percentage points on Prince Edward Island.

How does all of this impact on unemployment? The variables are interrelated as follows:

Size of Working Age Population X Participation Rate = Labour Force (Employed + Unemployed)

It is apparent then that the size of the working age population and the participation rate determine the size of the labour force. The size of the labour force, of course, has implications for unemployment as more people are seeking employment opportunities.

Although, employment opportunities have grown, the number of people seeking employment has kept pace as a result of the increasing participation rates and the increase in the size of the working age population. Even though the economy has generated employment opportunities, the number of available workers has increased at a slightly faster rate. Thus, some of the unemployment can be accounted for by the increase in labour supply.

Given the trends in growth in the size of the working age population, participation rates and the labour force, one would expect that the unemployment levels would increase. As Table 2 illustrates, the number of unemployed has been slowly increasing since 1975. In 1975, 4,000 were unemployed which by 1982 had increased to 7,000, an increase of 75%. As well, the unemployment rate has increased from the recorded low of 8 percent in 1975 to 13.1% in 1982, the highest rate ever. The Canadian unemployment rate increased dramatically between 1981 and 1982 however, between 1979 and 1981 the rate had been declining.

Clearly, then unemployment has been increasing in the past decade. Between 1966 and 1971, the number of unemployed did not exceed 3,000 which resulted in unemployment rates below 10%. For example, in 1966 approximately 2,000 were unemployed which translates into a 5.4% unemployment rate. Thus, based on the data, it is obvious that Prince Edward Island has not always had double digit unemployment. Until 1982, Canada had never experienced double digit unemployment.

The high rates of unemployment only began in 1972, hence unemployment has not been a perenniel problem. One of the major reasons for the increase in unemployment has been Prince Edward Island's changing industrial structure. For example, in 1951 the primary industries (agriculture and fisheries) accounted for 44% of total employment on Prince Edward Island compared to 15% in 1981. With more Islanders working as paid workers rather than being self-employed in the primary industries, the chances of becoming unemployed increase. In 1981 of those in the labour force on Prince Edward Island, 86% were paid workers compared to 55% in 1951.

MEASURES OF UNEMPLOYMENT

Unemployment has been measured in two different ways - 1) through the Canada Employment and Immigration Commission's administration of the Unemployment Insurance Act and 2) through Statistics Canada's Labour Force Survey. The differences are as follows:

The Canada Employment and Immigration Commission's (CEIC) data is based on those who have been able to establish an unemployment insurance claim. Thus a person who exhausted his/her claim or a person who was unable to establish one would not be included in the Canada Employment and Immigration Commission data base. Inclusion is determined strictly on the basis of one's ability to qualify for unemployment insurance.

The Labour Force Survey on the other hand utilizes a completely different approach in the identification of the unemployed. As mentioned previously, the definition is based on the concepts of looking for work and availability to work. Thus, if one is looking for work then one is unemployed.

If one compares the CEIC to the Labour Force Survey data, one would find that the number drawing CEIC's unemployment insurance exceeds the number unemployed according to the Labour Force Survey. Why the discrepancy? Gunderson (1980) answered the question as follows:

> "The number of unemployment insurance claimants may exceed the Labour Force Survey number because some people may be collecting unemployment insurance but not actively seeking work. These people could range from persons on

> maternity leave who are legally entitled to collect unemployment insurance, to persons who traditionally do seasonal work and collect unemployment insurance for part of the year, to outright cheaters who simply don't bother looking or who may even be working illegally. Such persons may be collecting unemployment insurance but they need not indicate that they are actually seeking work to the confidential Labour Force Survey questionnaire." (Gunderson: 1980: 287)

Thus some persons may be collecting unemployment insurance benefits but when asked by the Labour Force Survey interviewers would indicate they were not actively seeking work. This would mean they would be counted as unemployed by CEIC but as out of the labour force by Statistics Canada's Labour Force Survey.

The distinction between the two data series should be kept in mind when considering the characteristics of the unemployed and the characteristics of unemployment.

CHARACTERISTICS OF THE UNEMPLOYED

Limited data are available from the Labour Force Survey on the characteristics of the unemployed on Prince Edward Island. Statistics Canada's Labour Force Survey will not release any estimates below 4,000 which means no detailed data on unemployment are available for Prince Edward Island. Thus, most of the discussion will utilize data from the CEIC data base on unemployment insurance claimants.

SEX

The number of males drawing unemployment

insurance has in the past always exceeded the number of females. Females tend to account for a higher percentage of the unemployment insurance claimants in the summer and fall which are traditionally the higher employment months. This would seem to suggest that females have more difficulty than males in finding employment.

Table 3 presents the data.

TABLE 3 - UNEMPLOYMENT INSURANCE CLAIMANTS ON PEI BY MONTH

1980-1982

YEAR/MONTH	TOTAL	MALE	PERCENT	FEMALE	PERCENT
1980					
January	11,901	7,257	60.9	4,644	39.0
February	12,362	7,875	63.7	4,487	36.3
March	12,614	8.162	64.6	4,452	35.3
April	12,696	8,230	64.9	4,466	35.2
May	12,438	8,088	65.1	4,350	34.3
June	8,464	4,912	58.1	3,552	42.0
July	7,344	4,025	54.8	3,319	45.2
August	7,819	4,167	53.2	3,652	46.7
September	6,760	3,712	55.0	3,048	45.1
October	7,091	3,794	53.5	3,297	46.5
November	7,836	4,155	53.1	3,681	47.0
December	10,633	6,322	59.5	4,311	40.6
1981					
January	13,478	8,014	59.5	5,056	37.6
February	14,473	8,903	61.6	5,270	36.5
March	13,401	8,582	64.1	4,819	36.0
April	14,464	8,909	61.9	5,333	36.9
May	13,003	8,176	62.9	4,827	37.2
June	9,885	5,875	59.5	4,010	40.6
July	8,949	4,963	55.5	3,986	44.6
August	8,443	4,617	54.7	3,826	45.4
September	8,307	4,593	55.3	3,714	44.7
October	8,253	4,531	54.9	3,722	45.1
November	9,925	5,610	56.6	4,315	43.5
December	12,319	7,409	60.2	4,910	39.9
1982					
January	14,906	9,016	60.5	5,578	37.4
February	15,740	9,647	61.3	5,828	37.0
March	15,659	9,682	61.8	5,855	37.4
April	14,861	9,450	63.6	5,411	36.4
May	13,211	7,961	60.3	5,250	39.7
June	11,257	6,529	58.0	4,728	42.0
July	10,495	5,967	56.9	4,528	43.1
August	10,159	5,771	56.8	4,388	43.2
September	9,891	5,627	56.9	4,264	43.1
October	10,051	5,598	55.7	4,453	44.3
November	11,736	6,811	58.0	4,925	42.0
December	14,766	9,186	62.2	5,580	37.8

SOURCE: Canada Employment and Immigration Commission Administrative Data

AGE

The average age of the unemployment insurance claimants varies between 33 and 34 for both males and females. Data are also available on the number of persons drawing unemployment insurance by age. Table 4 presents the age structure of those who were drawing unemployment insurance in March of 1983.

TABLE 4 - AGE OF THOSE DRAWING UNEMPLOYMENT INSURANCE

MARCH, 1983

AGE	TOTAL	PERCENT	MALE	FEMALE
19 and under	1,196	7.3	841	355
20 - 24	3,666	22.5	2,314	1,352
25 - 34	4,910	30.1	3,108	1,802
35 - 44	3,084	18.9	1,878	1,206
45 - 54	2,080	12.7	1,343	737
55 - 64	1,344	8.2	903	441
65 +	7	.04	4	3
TOTAL	16,287			

SOURCE: Canada Employment and Immigration Commission's Administrative Data Base

Those between the ages of 20-34 account for more than half (53%) of the unemployment insurance claimants. Thus, young adults tend to experience more problems with unemployment. This pattern persists throughout the year with only a slight variation in percentage.

OCCUPATION

Unemployment insurance claimants are asked to indicate their occupation which is then coded using the Canadian Classification and Dictionary of Occupations. Table 5 presents the number of unemployment insurance claimants by occupation by month for the 1982 calendar year.

TABLE 5
PEI UNEMPLOYMENT INSURANCE CLAIMANTS BY OCCUPATION

1982

OCCUPATION	JANUARY Number	%	FEBRUARY NUMBER	%	MARCH NUMBER	%	APRIL NUMBER	%	MAY NUMBER	%	JUNE NUMBER	%
TOTAL	14,594		15,475		15,537		15,533		13,211		11,257	
Managerial, Admin.	188	1.3	209	1.4	216	1.4	211	1.4	163	1.2	161	1.4
Sciences, Engineering	138	0.9	150	1.0	146	0.9	144	0.9	140	1.1	126	1.1
Social Science	84	0.6	90	0.6	81	0.5	82	0.5	82	0.6	85	0.8
Religion	0	0	0	0	1	0.01	1.	0.01	2	0.01	2	0.01
Teaching & Related	221	1.5	220	1.4	220	1.4	227	1.5	199	1.5	245	2.2
Medicine & Health	329	2.3	327	2.1	313	2.0	332	2.1	257	1.9	268	2.4
Artistic, Literary	60	0.4	61	0.4	61	0.4	61	0.4	57	0.4	45	0.4
Sport, Recreation	14	0.1	16	0.1	16	0.1	19	0.1	16	0.1	12	0.1
Clerical & Related	1,598	10.9	1,696	11.0	1,711	11.0	1,703	11.0	1,547	11.7	1,507	13.4
Sales	752	5.2	841	5.4	870	5.6	849	5.5	785	5.9	748	6.6
Service	1,432	9.8	1,533	9.9	1,546	10.0	1,543	9.9	1,410	10.7	1,234	11.0
Farming	703	4.8	763	4.9	759	4.9	782	5.0	690	5.2	603	5.4
Fishing, Hunting	2,178	14.9	2,194	14.2	2,200	14.2	2,204	14.2	1,172	8.9	260	2.3
Forestry	33	0.2	47	0.3	47	0.3	44	0.3	42	0.3	39	0.3
Mining	18	0.1	19	0.1	18	0.1	14	0.1	17	0.1	21	0.2
Processing	1,369	9.4	1,402	9.1	1,407	9.1	1,402	9.0	1,264	9.6	1,138	10.1
Machining	147	1.0	175	1.1	181	1.2	180	1.2	167	1.3	167	1.5
Fabricating	516	3.5	550	3.6	540	3.5	503	3.2	423	3.2	399	3.5
Construction	2,365	16.2	2,590	16.7	2,611	16.8	2,644	17.0	2,472	18.7	2,193	19.5
Transport Equipment	748	5.1	815	5.3	813	5.2	795	5.1	714	5.4	615	5.5
Material Handling & Rel.	127	0.9	137	0.9	143	0.9	144	0.9	124	0.9	115	1.0
Other Crafts Equipment	42	0.3	49	0.3	47	0.3	44	0.3	36	0.3	33	0.3
Occupations not Classified Elsewhere	1,511	10.4	1,570	10.1	1,570	10.1	1,584	10.2	1,413	10.7	1,227	10.9
Other	21	0.1	21	0.1	20	0.1	21	0.1	19	0.1	14	0.1

TABLE 5

PEI UNEMPLOYMENT INSURANCE CLAIMANTS BY OCCUPATION

1982

OCCUPATION	JULY NUMBER	%	AUGUST NUMBER	%	SEPTEMBER NUMBER	%	OCTOBER NUMBER	%	NOVEMBER NUMBER	%	DECEMBER NUMBER	%
TOTAL	10,495		10,159		9,891		10,051		11,736		14,766	
Managerial, Admin.	156	1.5	148	1.5	142	1.4	144	1.4	162	1.4	169	1.1
Sciences, Engineering	103	1.0	94	0.9	89	0.9	87	0.9	105	0.9	145	1.0
Social Sciences	77	0.7	77	0.8	77	0.8	93	0.9	89	0.8	93	0.6
Religion	2	0.01	2	0.02	2	0.02	2	0.02	2	0.02	1	0.01
Teaching & Related	260	2.5	293	2.9	279	2.8	240	2.4	213	1.8	222	1.5
Medicine & Health	250	2.4	223	2.2	219	2.2	233	2.3	236	2.0	261	1.8
Artistic, Literary	44	0.4	42	0.4	43	0.4	56	0.6	55	0.5	52	0.4
Sport, Recreation	10	0.1	10	0.1	10	0.1	10	0.1	8	0.1	9	0.1
Clerical and Related	1,492	14.2	1,440	14.2	1,425	14.4	1,486	14.8	1,543	13.1	1,665	11.3
Sales	690	6.6	641	6.3	612	6.2	668	6.6	672	5.7	698	4.7
Service	1,082	10.3	968	9.5	946	9.6	1,180	11.7	1,344	11.5	1,511	10.2
Farming	551	5.3	605	6.0	571	5.8	551	5.5	591	5.0	778	5.3
Fishing, Hunting	132	1.3	210	2.1	205	2.1	216	2.1	996	8.5	2,249	15.2
Forestry	32	0.3	29	0.3	30	0.3	31	0.3	38	0.3	52	0.4
Mining	20	0.2	25	0.2	29	0.3	27	0.3	28	0.2	24	0.2
Processing	1,097	10.5	1,054	10.4	1,016	10.3	993	9.9	1,158	9.9	1,282	8.7
Machining	158	1.5	155	1.5	162	1.6	159	1.6	177	1.5	215	1.5
Fabricating	384	3.7	363	3.6	367	3.7	370	3.7	397	3.4	446	3.0
Construction	1,991	19.0	1,766	17.4	1,707	17.3	1,697	16.9	1,871	15.9	2,334	15.8
Transportation Equip.	643	6.1	646	6.4	635	6.4	531	5.3	577	4.9	751	5.1
Material Handling and Related	108	1.0	103	1.0	110	1.1	117	1.2	118	1.0	119	0.8
Other Crafts Equipment	33	0.3	34	0.3	38	0.4	37	0.4	40	0.3	43	0.3
Occupations not Classified Elsewhere	1,166	11.1	1,217	12.0	1,163	11.8	1,113	11.1	1,303	11.1	1,633	11.1
Other	14	0.1	14	0.1	14	0.1	10	0.1	13	0.1	14	0.1

SOURCE: Canada Employment and Immigration Commission Administrative Data

Of those drawing unemployment insurance, the majority tend to be in one of the following occupational categories: clerical and related, service, processing and construction. Fishing accounts for approximately 14% of those drawing unemployment insurance during the winter months. It is apparent that managerial, natural and social sciences, teaching and related occupations do not constitute a major proportion of those drawing unemployment insurance.

The occupations that account for a significant portion of those drawing unemployment insurance are clerical, service, processing and construction. Persons in these categories usually work in industries that are affected by seasonal variations such as construction, fish processing or hotel/motel. There are no data to verify the contention but nonetheless it is a reasonable assumption given the occupations.

PAYMENT INFORMATION

Data are also available on the following: weekly benefit rate, insured weeks, average weekly insured earnings, weeks on claim (benefit weeks plus disqualification) and benefits paid on the claim to date. Each of these will be briefly analysed in order to highlight trends.

WEEKLY BENEFIT RATE

The average weekly benefit rate was $146.00 in March of 1983: $163 for men and $115 for women, a difference of $48.00. Prince Edward Island has the lowest average weekly unemployment insurance benefit rate in the country. The majority of those on unemployment insurance draw between $100 - $200 per week.

INSURED WEEKS

Those drawing unemployment insurance benefits

in March of 1983 have on the average 24 weeks of insured employment. In March of 1982, claimants had an average of 27 weeks of insured employment. This trend of fewer average insured weeks is perhaps a result of the economic recession as workers may find it difficult to obtain work for longer periods of time.

Males and females tend to have much the same average number of weeks worked. Table 6 shows the number of insured weeks broken down by sex.

TABLE 6 - INSURED WEEKS BY SEX, March, 1983

INSURED WEEKS	TOTAL	%	MALE	COLUMN %	FEMALE	COLUMN %
10 - 13	3,864	23.7	2,504	24.0	1,360	23.0
14 - 19	3,401	20.9	2,164	20.8	1,237	20.9
20 - 29	4,612	28.3	3,015	29.0	1,597	27.0
30 - 39	1,745	10.7	1,124	10.8	621	10.5
40 - 49	1,153	7.1	675	6.4	478	8.1
50 - 52	1,512	9.3	909	8.7	603	10.2
TOTAL	16,287		10,391		5,896	

SOURCE: Canada Employment and Immigration Commission Administrative Data Base

It is apparent that more females worked over 40 weeks than males which suggests that proportionately more females have a longer work attachment.

AVERAGE WEEKLY EARNINGS

One might expect that females average weekly insured earnings would be lower than the male rate as the female weekly benefit rate was lower. The data confirm the assumption as in March of 1983 the average weekly insured earnings for males was $271, $192 for females, with an overall average of $243 (compared to $222 in March of 1982 and $204 in March of 1981).

WEEKS ON CLAIM

Data are available on the number of weeks on claim (which includes benefit weeks plus disqualification). In March of 1983, on average, claimants drew for 18 weeks. Males drew for 18 weeks and females for 20 weeks. The average amount of time on claim increased by two weeks from March of the previous year.

One pattern apparent in the data is the average number of weeks on claim increases as the year progresses, peaking in July and declining until the end of the year. Based on an historical assessment of the data, the average weeks on claim has not increased dramatically. In March of 1983, the majority (52%) drew between 14-26 weeks, with 27% drawing between 1 - 13 weeks; approximately 17% of the unemployment insurance claimants drew for 27 weeks or more.

BENEFITS PAID ON THE CLAIM TO-DATE

In March of 1983, the average amount of benefits paid on claim to date was $1,434, with $1,613 for males and $1,119 for females. Given that females had lower average weekly insured earnings and weekly benefit rates, than males, their lower benefits paid on the claim to date is not surprising.

Approximately 9% of those drawing unemployment insurance in March of 1983 had drawn more than $2,500. Thus, it is evident that the amount claimants are drawing is much lower than the average earnings from employment.

The payment information for March of 1983 reveals the following:

- average weekly benefit rate is $146.00 ($163.00 for males and $115.00 for females) which is the amount an individual is drawing while on claim.

- average weekly insured earnings is $243.00 ($271.00 for males and $192.00 for females).

- claimants have on the average 24 insured weeks of employment.

- on average, claimants are on claim for 18 weeks.

- the overall average benefits paid on the claim to-date is $1,434.00 ($1,613.00 for males and $1,119.00 for females).

In summary, it is apparent that males earn more money from employment and draw more unemplcyment insurance benefits than females; however, females are on claim longer.

CHARACTERISTICS OF UNEMPLOYMENT

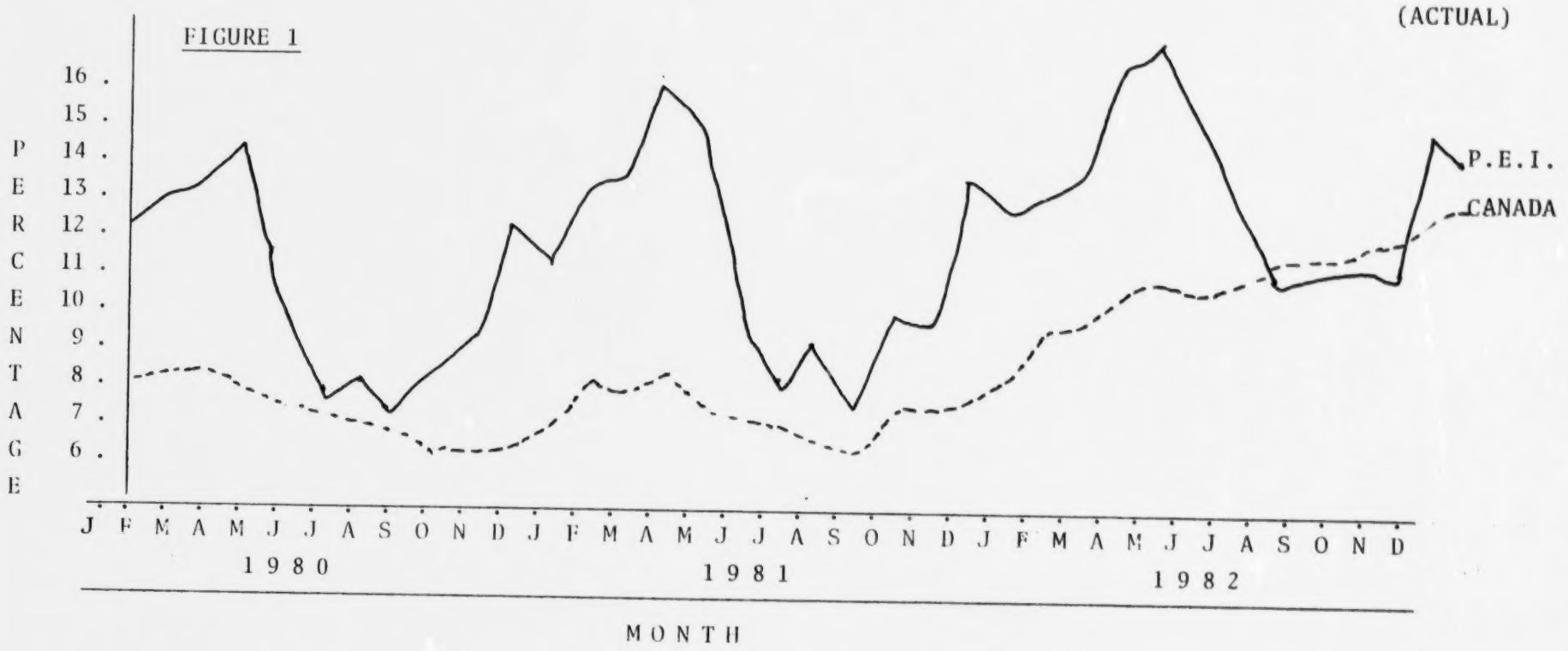
The characteristics of the unemployed have been described which raises the question of the nature of unemployment. In an earlier section of the paper, various types of unemployment were discussed. One of the types that is particularly evident on Prince Edward Island is seasonal unemployment.

SEASONAL VARIATIONS

Prince Edward Island has developed a particular employment/unemployment trend. Unemployment on Prince Edward Island peaks during the winter months and dips during the summer and fall months. Figure 1 clearly illustrates the seasonal fluctuation in unemployment on Prince Edward Island. This differs from the Canadian pattern which does not exemplify the sharp variations.

UNEMPLOYMENT RATES

FIGURE 1



SOURCE: Statistics Canada, The Labour Force, 71-001, Table 39.

The seasonal variation is of course as a result of the nature of Prince Edward Island's industrial structure with its' reliance on agriculture, fisheries and tourism. As mentioned previously, one way to reduce seasonal unemployment is to extend employment in the off season. This, of course, is expensive as considerable investment would be required to successfully increase employment in the off-season. For example, in the tourism industry, significant capital investment would likely be required in order to allow operation of a winter tourist resort. The seasonal variations are also reflected in the work patterns of Islanders.

WORK PATTERNS

Statistics Canada conducts an Annual Work Patterns Survey which sheds light on the patterns of employment and unemployment. The data will assist in identifying the characteristics of unemployment.

Statistics Canada Annual Work Patterns survey estimates that 16,000 persons were unemployed at some time in 1977 compared to 18,000 in 1980. The monthly unemployment estimates provided by Statistics Canada are much lower than the annual Work Patterns Survey estimates. The Work Patterns Survey detects changes in the work patterns which may not be picked up in the monthly labour force survey. For example, an individual may have been employed during the Labour Force Survey reference week but unemployed for the previous month. The Work Patterns Survey would identify the period of unemployment.

The survey also estimates the average number of weeks of unemployment by sex and age. In 1978, those experiencing unemployment were unemployed on the average for 4.5 weeks, in 1979 for 4.3 weeks and in 1980 for 4.8 weeks. The Prince Edward Island average exceeded the

Canadian average in each of the three years. Youth, whether male or female also tended to have a higher average number of weeks unemployed. For example, in 1980, unemployed males aged 15 - 24 were unemployed for 7.2 weeks and females for 5.6 weeks.

Table 7 presents the data.

TABLE 7 - AVERAGE NUMBER OF WEEKS UNEMPLOYED BY AGE AND SEX, 1978 - 1980, CANADA, P.E.I.

CANADA	BOTH SEXES				MALES				FEMALES			
	TOTAL	15-24	25-44	45+	TOTAL	15-24	25-44	45+	TOTAL	15-24	25-44	45+
1978	3.3	5.0	2.9	2.2	3.2	5.2	2.5	2.3	3.6	4.9	3.4	2.2
1979	3.0	4.6	2.5	2.1	2.9	4.8	2.4	1.9	3.2	4.4	2.8	2.3
1980	3.1	4.8	2.7	2.0	3.0	4.9	2.6	1.9	3.2	4.6	2.8	2.2
PEI												
1978	4.5	5.4	4.5	3.2	4.6	6.4	4.1	3.4	4.3	4.3	5.1	2.8
1979	4.3	5.8	4.1	2.7	4.1	6.0	3.8	2.5	4.5	5.5	4.5	3.0
1980	4.7	6.5	4.4	2.8	4.8	7.2	4.3	2.8	4.5	5.6	4.6	2.8

SOURCE: Statistics Canada Patterns of Full and Part year Employment and Unemployment 1977-1980 - 71-531 Occasional

The average number of weeks males were unemployed exceeded the female average in two of the three years is one interesting pattern which is directly opposite to the Canadian trend. This suggests that males are out of work for longer periods of time. It is difficult to explain why the Prince Edward Island trend differs from the national one, however, there is one possible explanation. Women may drop out of the labour force rather than remaining unemployed for a long period of time. On the other hand, males who would have a definite attachment to the labour market would remain unemployed for longer periods of time which would increase the average duration of unemployment.

The Statistics Canada Survey also identified the number of periods of unemployment experienced by persons. On the average, the unemployed experienced 1.6 periods of unemployment per person in 1977, which decreased to 1.5 periods in 1980. Thus, most persons who were unemployed experienced between one and two periods of unemployment. This, of course, clearly illustrates the flows into and out of unemployment.

Unemployment is not evenly dispersed throughout Prince Edward Island as some communities are more dependent on unemployment insurance income than others. Statistics Canada has prepared income tax data by community on Prince Edward Island which clearly identifies the differences between communities. Table 8 presents the data by community for 1978 and 1979.

TABLE 8 - INCOME TAX DATA BY COMMUNITY: 1978, 1979

1978

COMMUNITY	TOTAL TAX FILERS	EMPLOYMENT INCOME		GROSS FARM INCOME		GROSS FISH INCOME		UNEMPLOYMENT INSURANCE BENEFITS	
		% of Tax Filers With Employment Income	As % of P.E.I. Income	% of Tax Filers With Farm Income	As % of P.E.I. Income	% of Tax Filers With Fish Income	As % of P.E.I. Income	% of Tax Filers With Unemployment Insurance Benefits	As % of P.E.I. Income
1. Tignish	2,212	85.0	1.8	3.1	0.5	27.8	19.0	67.0	10.2
2. Alberton	1,259	82.6	1.5	4.7	1.2	14.8	6.0	46.5	3.4
3. Elmsdale/Bloomfield	856	80.1	0.8	11.2	1.9	9.1	2.3	48.4	2.3
4. O'Leary	1,923	80.3	2.3	12.0	6.0	5.6	4.1	38.7	3.8
5. Tyne Valley	1,238	80.9	1.3	5.2	1.2	11.3	4.8	51.7	3.6
6. Wellington	1,558	84.0	1.8	4.9	2.0	4.6	3.0	44.9	3.3
7. Summerside	9,172	82.8	16.0	1.5	3.6	0.7	1.5	22.7	8.9
8. Kensington	2,802	83.4	4.0	10.0	10.2	2.4	3.3	29.6	3.4
9. Bedeque	573	82.7	0.8	9.8	1.7	1.7	...	23.6	0.6
10. Kinkora	963	83.3	1.2	15.5	5.6	1.0	...	29.4	1.4
11. Borden	1,325	80.2	1.9	9.3	4.9	2.0	0.4	28.5	1.6
12. Cavendish	661	87.0	0.8	3.8	...	17.1	5.1	53.7	1.9
13. Hunter River/Rustico	1,187	84.8	1.5	14.7	4.2	2.1	0.6	35.8	2.2
14. North River/Winsloe	1,515	85.4	2.4	11.2	6.4	0.5	...	24.0	1.6
15. York/Stanhope	819	84.4	1.3	7.7	3.3	4.3	2.2	31.0	1.3
16. Mt. Stewart	1,251	81.9	1.6	7.5	2.9	3.2	1.8	39.1	2.5
17. Charlottetown	20,019	83.8	37.7	1.3	6.9	0.1	0.6	19.9	17.2
18. Cornwall	5,222	85.2	8.8	9.3	15.6	0.5	0.4	23.5	5.3
19. Crapaud	649	81.2	0.9	9.4	1.9	1.4	...	31.6	0.9
20. Morell	727	84.7	0.9	5.0	0.9	5.2	2.1	42.1	1.4
21. St. Peters	603	84.1	0.6	6.6	0.4	18.1	2.8	56.1	1.9
22. Souris	2,146	86.8	2.7	5.6	2.6	13.4	11.3	46.9	5.3
23. North Lake/East Point	288	86.1	0.3	10.4	0.5	22.9	2.6	53.5	0.9
24. Cardigan	959	84.7	1.2	8.2	3.0	7.1	3.0	43.1	2.0
25. Montague	2,780	83.7	3.8	5.1	6.4	5.4	6.6	41.2	6.0
26. Georgetown	482	84.5	0.6	...	...	5.6	1.3	51.2	1.0
27. Murray River	1,186	82.9	1.5	5.2	1.7	14.1	10.5	55.5	3.9
28. Wood Islands	1,015	82.8	1.2	11.0	4.9	3.6	1.1	43.7	2.3
29. Vernon River	786	82.2	1.1	15.3	5.0	1.1	...	27.9	1.1
Prince Edward Island	64,861	83.6	100.0	5.0	100.0	4.0	100.0	31.2	100.0

TABLE 8 - INCOME TAX DATA BY COMMUNITY: 1978, 1979

1979		EMPLOYMENT INCOME		GROSS FARM INCOME		GROSS FISH INCOME		UNEMPLOYMENT INSURANCE BENEFITS	
COMMUNITY	TOTAL TAX FILERS	% of Tax Filers With Employment Income	As % of P.E.I. Income	% of Tax Filers With Farm Income	As % of P.E.I. Income	% of Tax Filers With Fish Income	As % of P.E.I. Income	% of Tax Filers With Unemployment Insurance Benefits	As % of P.E.I. Income
1, Tignish	2,259	82.9	1.9	3.7	0.6	27.6	24.4	65.0	10.6
2. Alberton	1,267	81.1	2.1	5.2	1.5	14.5	5.8	41.6	3.2
3. Elmsdale/Bloomfield	884	80.5	0.9	11.1	1.9	8.7	1.7	46.3	2.4
4. O'Leary	1,919	79.2	2.2	12.6	5.4	5.8	4.6	36.6	3.8
5. Tyne Valley	1,251	78.6	1.2	5.9	1.2	11.7	6.4	50.0	3.6
6. Wellington	1,601	84.2	1.9	4.4	2.0	3.9	1.7	42.2	3.4
7. Summerside	9,200	82.5	15.4	1.9	4.6	0.6	1.2	22.0	9.3
8. Kensington	2,867	83.0	4.0	10.0	9.4	2.5	6.6	28.2	3.5
9. Bedeque	592	81.4	0.8	10.1	2.0	1.4	...	20.4	0.6
10. Kinkora	991	82.7	1.2	15.4	6.8	1.1	...	28.2	1.4
11. Borden	1,298	80.0	1.8	9.9	5.4	1.2	...	27.4	1.8
12. Cavendish	678	86.9	0.8	3.8	...	16.1	4.5	45.6	1.8
13. Hunter River/Rustico	1,215	85.0	1.6	14.2	4.0	1.6	...	32.8	2.1
14. North River/Winsloe	1,568	85.5	2.5	10.5	5.9	0.6	...	22.8	1.7
15. York/Stanhope	841	83.9	1.3	7.6	2.4	4.2	1.5	29.8	1.3
16. Mt. Stewart	1,268	81.0	1.6	8.0	3.0	2.7	1.4	35.0	2.4
17. Charlottetown	20,318	82.8	37.3	1.3	7.7	0.2	0.8	18.6	16.7
18. Cornwall	5,416	85.0	9.2	9.2	15.0	0.4	...	21.6	5.1
19. Crapaud	667	81.3	0.9	9.6	1.5	1.2	...	27.3	0.9
20. Morell	764	84.4	0.9	5.4	1.2	5.2	1.7	36.8	1.3
21. St. Peters	619	82.6	0.6	6.8	0.6	16.0	2.3	53.6	2.0
22. Souris	2,206	84.1	2.7	5.4	2.9	13.0	10.2	45.4	5.3
23. North Lake/East Pt.	287	90.2	0.3	11.8	0.4	27.5	2.3	51.2	0.8
24. Cardigan	1,006	84.5	1.1	8.2	2.8	5.7	2.2	41.5	2.2
25. Montague	2,845	83.0	3.9	5.0	5.6	5.0	5.1	39.0	5.9
26. Georgetown	480	83.3	0.6	...	...	6.9	1.6	49.0	1.1
27. Murray River	1,226	81.5	1.6	5.2	1.7	13.8	9.9	52.8	3.9
28. Wood Islands	1,015	82.1	1.3	11.9	4.6	3.3	0.8	40.9	2.4
29. Vernon River	808	82.2	1.1	14.5	5.0	...	...	25.4	0.9
PRINCE EDWARD ISLAND	65,982	82.8	100.0	5.2	100.0	3.9	100.0	29.4	100.0

SOURCE: Data supplied to Department of Labour by the P.E.I. Department of Finance, Statistics Canada

As Table 8 illustrates some communities appear to be heavily reliant on unemployment insurance benefits. For example, in 1978, Tignish, Tyne Valley, Cavendish, St. Peters, North Lake/East Point, Georgetown, and Murray River all had more than 50% of their tax filers recording income from unemployment insurance. In 1979, the same communities, except for Georgetown and Cavendish again recorded more than half of the tax filers reporting unemployment insurance benefits.

In each of the communities, the percentage of tax filers reporting income from unemployment insurance declined slightly between 1978 and 1979. It is difficult to determine the exact reason for the change, however, possibly persons were better able to obtain work in 1979, thus slightly reducing the reliance on unemployment insurance. Charlottetown (18.6%), Cornwall (21.6%), Summerside (22.0%) and Bedeque (20.4%) recorded the lowest percentage of tax filers reporting unemployment insurance benefits. This would seem to suggest that easy access to the urban labour market tends to reduce reliance on unemployment.

IMPACT OF THE ECONOMIC RECESSION ON UNEMPLOYMENT IN 1982

Economists agree that Canada has and is experiencing an economic recession as the gross domestic product for the 1982 year fell below the 1981 level. However, the recession did not impact on each province in a uniform manner as some were harder hit than others.

Table 9 presents the actual unemployment levels for each province in 1981 and 1982.

TABLE 9 - ACTUAL UNEMPLOYMENT BY PROVINCE 1981-1982 BY MONTH

	J	F	M	A	M	J	J	A	S	O	N	D	AVG.	PRESEN INCREAS 1981-8
CANADA														
1981	945	928	983	886	854	855	835	790	891	891	928	987	898	
1982	1096	1116	1228	1233	1241	1303	1386	1388	1343	1388	1438	1494	1305	45.3
NEWFOUNDLAND														
1981	32	30	32	29	28	30	32	29	35	33	30	29	31	
1982	33	34	35	36	38	37	38	38	38	40	41	40	37	19.3
NOVA SCOTIA														
1981	38	40	45	36	37	33	35	34	37	37	39	39	37	
1982	42	47	54	52	52	47	50	45	46	47	52	53	49	32.4
NEW BRUNSWICK														
1981	34	34	36	39	36	33	33	31	34	34	36	36	35	
1982	39	39	45	49	46	41	42	39	39	40	42	41	42	20.0
PRINCE EDWARD ISLAND														
1981	6	7	8	8	6	5	5	5	6	5	7	6	6	
1982	6	7	8	9	8	6	6	6	6	6	8	7	7	16.6
QUEBEC														
1981	323	316	329	290	302	303	286	280	316	320	321	349	311	
1982	346	361	405	400	408	431	433	435	411	422	401	431	407	30.8
ONTARIO														
1981	321	308	330	300	277	301	278	250	286	283	291	312	295	
1982	375	373	398	389	344	439	467	474	461	486	511	523	441	49.4
MANITOBA														
1981	31	30	35	32	27	25	31	28	28	25	28	32	29	
1982	36	36	41	40	38	38	39	46	43	44	52	54	42	44.8
SASKATCHEWAN														
1981	26	29	26	21	18	17	17	18	18	18	22	22	21	
1982	26	26	27	29	26	26	31	29	28	28	31	34	28	33.3
ALBERTA														
1981	47	49	52	45	37	33	39	37	38	40	52	47	43	
1982	64	64	71	81	82	80	95	94	98	97	113	115	88	104.6
BRITISH COLUMBIA														
1981	87	85	90	87	86	75	80	80	94	94	102	115	90	
1982	129	130	143	148	148	157	184	181	171	178	188	197	163	81.1

SOURCE: STATISTICS CANADA HISTORICAL LABOUR FORCE STATISTICS 71-201 ANNUAL

Clearly unemployment has not increased on Prince Edward Island as it has in the rest of Canada. As a matter of fact, between 1981 and 1982, actual unemployment increased by 16.6% on Prince Edward Island which was the lowest rate in Canada. However, the 16.6% means only an increase of 1,000, which is somewhat misleading as Statistics Canada rounds to the nearest thousand. The 1,000 increase is probably a result of the economic recession. Between 1981-82 actual unemployment increased by a staggering 104.6% in Alberta and 81.1% in British Columbia. Overall, the actual level of unemployment increased by 45.3%, with the Atlantic Provinces recording the smallest increases.

Thus the recession has resulted in tremendous increases in unemployment in the Western Provinces (excluding Saskatchewan with a 33.3% rate of increase). In the East, however, where unemployment rates have traditionally always been high, the increases have been moderate. The obvious question is why the difference?

The economic recession did not impact on all industries equally as some industries recorded losses in employment while others recorded gains. Table 10 presents the data for Canada.

TABLE 10 - AVERAGE ANNUAL EMPLOYMENT BY INDUSTRY FOR CANADA 1981, 1982

(000's)

INDUSTRY	1981	1982	CHANGE	% CHANGE
Agriculture	484	465	-19	- 4.08
Other Primary Industries	314	261	-53	-20.3
Manufacturing	2120	1926	-194	- 9.1
Construction	645	590	-55	- 8.5
Transportation, Communication and other utilities	904	875	-29	- 3.2
Trade	1875	1839	-36	- 1.92
Finance, Insurance, Real Estate	592	601	+ 9	+ 1.52
Community, Business, Personal Service	3238	3255	+17	.52
Public Administration	761	761	0	0.0

SOURCE: Statistics Canada Historical Labour Force Statistics 71-201 Annual

As Table 10 demonstrates other primary industries, manufacturing and construction recorded significant employment declines. Trade, transportation and agriculture also recorded marginal losses in employment. On the other hand, the finance and service industries showed slight increases. One would expect that provinces whose industrial structures relied on the manufacturing, construction and other primary industries as major employers, would experience increases in unemployment.

Prince Edward Island's employment tends to be in those industries that recorded either small employment declines or slight employment gains. For example, on Prince Edward Island, in 1981 the service sector accounted for 29% of the employment on Prince Edward Island, trade 16.6%, public administration 10.4% and agriculture 12.5%. These industries were not the ones that were hardest hit by the recession. On the other hand, employment in Alberta was concentrated in construction (10.4%), manufacturing (9.1%) and other primary industries (6.3%), the industries which were particularly affected by the recession.

Thus, the reason that Prince Edward Island's unemployment level and rate has not increased significantly, is because of the industrial structure. Employment on Prince Edward Island tends to be concentrated in those industries that were only slightly affected by the recession. Alberta, on the contrary, with its' reliance on industries hardest hit by the recession, has experienced phenomenal increases in unemployment.

In summary, the recession has not impacted on all industries and provinces equally. If a province's employment was concentrated in those industries hardest hit by the recession then increases in

unemployment levels and rates resulted. The nature of Prince Edward Island's industrial structure is such that the unemployment rate and level did not increase significantly.

FORECASTS OF UNEMPLOYMENT

Forecasting is a very difficult task. As one observer suggested "Forecasting is like driving along the road while watching the rear view mirror. It works well when the road is straight." The economic road in the past several years has certainly not been straight.

Department of Finance as well as the Conference Board of Canada have developed estimates of unemployment levels. Each of these will be reviewed.

CONFERENCE BOARD OF CANADA

The Conference Board of Canada, which is a non-profit organization, forecasts a variety of key economic indicators for the country as well as for each of the provinces.

In February of 1983, the Conference Board produced the following unemployment rates forecast for Canada and for Prince Edward Island.

TABLE 11 - CONFERENCE BOARD UNEMPLOYMENT RATE PROJECTION
CANADA AND PRINCE EDWARD ISLAND

	1981				1982				1983				1981	1982	198
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
CANADA	7.3	7.2	7.6	8.4	8.6	10.2	12.1	12.8	13.1	13.2	13.1	12.9	7.6	10.9	13.
PEI	11.9	11.0	11.7	11.7	11.7	13.7	13.2	12.9	13.9	13.7	13.7	14.1	11.6	12.9	13.

SOURCE: CONFERENCE BOARD OF CANADA - QUARTERLY PROVINCIAL FORECAST

Clearly the Conference Board is forecasting that unemployment will remain high throughout the

forecast period. However, the agency projects that the rate will decline slightly between the second and third and the third and fourth quarter.

For Prince Edward Island, the unemployment rate is projected to decline between the first and second quarter, remain constant between the second and third quarter but increase by .4 percentage points in the fourth quarter. The increase in the fourth quarter reflects Prince Edward Island's seasonal unemployment pattern, with more workers being unemployed during the winter months.

The gap between the Canadian and the Prince Edward Island unemployment rate has been narrowing. The Conference Board forecasts that the Canadian unemployment rate will be .8 percentage points lower than the Prince Edward Island rate compared to 2.0 percentage points in 1982 and 4.0 percentage points in 1981. Clearly, Prince Edward Island's unemployment rate has not increased as sharply as the Canadian one.

FEDERAL DEPARTMENT OF FINANCE

The Federal Department of Finance also develops estimates of unemployment rates for the country. Table 12 provides the data.

TABLE 12 FEDERAL DEPARTMENT OF FINANCE UNEMPLOYMENT RATE PROJECTIONS: CANADA

	1982	1983	1984	1985	1986	1987
UNEMPLOYMENT RATE	11.1	12.4	11.4	10.7	9.8	8.8

SOURCE: TABLE 7 - THE ECONOMIC OUTLOOK FOR CANADA - 19 April 1983 BACKGROUND PAPER FOR FEDERAL BUDGET

The Finance estimate is .6 percentage points lower than the Conference Board of Canada estimate.

However, both agencies are predicting an unemployment level of between 12-13% which is much higher than previous rates. On a more encouraging note, the Department of Finance is predicting that the unemployment rate will peak in 1983 and decline in each of the subsequent years to 1987.

Thus, the Canadian unemployment outlook is projected to improve over the next five years relative to the rates of the early 1980's. However, even with the improvement, it is readily apparent that unemployment will continue to be a problem in the future.

SUMMARY AND CONCLUSIONS

Each of the types of unemployment were identified and discussed in relation to the Prince Edward Island labour market. Based on the analysis, seasonal, demand deficient and insurance induced appear to be applicable to the Prince Edward Island situation.

Unemployment has not always been a problem on Prince Edward Island. For example, as late as 1974, the unemployment rate was estimated to be approximately 7%. However, with the increasing participation rates and labour force size, unemployment has steadily increased.

The means of measuring unemployment were contrasted in order to identify the reasons for the differing estimates.

The characteristics of those drawing unemployment insurance as well as the payment data were also assessed. The average age of those drawing unemployment insurance varies between 33 and 34, with those between the ages of 20-34 accounting for more than half of the unemployment.

The occupations that account for a significant portion of those drawing unemployment insurance

are clerical, service, processing and construction.

The payment data reveal that males draw more benefits than females (as a result of higher male weekly insured earnings), however, females remain on claim longer.

Prince Edward Island experiences seasonal variations in employment which reflects the industrial structure of the province. The impact of the recession on Prince Edward Island was minimized precisely because of the industrial structure.

An analysis of work patterns reveals that on the average persons are unemployed between 4 - 5 weeks per year on Prince Edward Island. As well, on the average, the unemployed experienced 1.5 periods of unemployment during 1980.

Forecasts of the unemployment rate were reviewed which illustrated that unemployment will continue to remain high during the 1980's.

B I B L I O G R A P H Y

* * * * * * * * * * * * *

GUNDERSON, Morley 1980 — Labour Market Economics Theory Evidence and Policy in Canada Toronto: McGraw-Hill Ryerson Ltd.,

LALONDE, Hon. Marc 19 April 1983 — The Economic Outlook for Canada Department of Finance Canada

OSTRY, Sylvia and ZAIDI, Mahmood A. 1979 — Labour Economics in Canada Third Edition Toronto: MacMillan of Canada

PEITCHINIS, Stephen G. 1975 — The Canadian Labour Market Toronto: Oxford University Press

STATISTICS CANADA — Historical Labour Force Statistics - Actual data, Seasonal Factors, Seasonally adjusted data. Catalogue 71-201 Ottawa: Annual

STATISTICS CANADA — The Labour Force Catalogue 71-001 - Canada

STATISTICS CANADA 1980 — Patterns of Full and Part-year Employment and Unemployment. Catalogue 71-531 - Occasional

STATISTICS CANADA — Statistical Report on the Operation of the Unemployment Insurance Act Catalogue 73-001 - Quarterly

POOR

QUALITY

ORIGINAL